

COUNTY OF LOS ANGELES

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DEPARTMENT OF MENTAL HEALTH

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May 20, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**HEARING ON DEPARTMENT OF MENTAL HEALTH'S
PUBLISHED CHARGES FOR FY 2004-2005
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve the attached proposed Department of Mental Health (DMH) Published Charges (Attachment I) for Fiscal Year (FY) 2004-2005, effective July 1, 2004, in order to comply with Federal Short-Doyle/Medi-Cal (SD/MC) Lower of Cost or Charges (LCC) reimbursement and routine cost requirements.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Board action is required to ensure that Published Charges are in compliance with Medi-Cal requirements. The recovery of Federal revenues in compliance with State and Federal regulations necessitates that Published Charges be established at least annually.

The recommended Published Charges comply with SD/MC audit requirements, which took effect on July 1, 1992. Federal requirements stipulate that Published Charges are to be determined at the countywide level.

The new Health Insurance Portability and Accountability Act (HIPAA) compliant Integrated System will allow DMH to bill one rate for SD/MC claims and another rate for all other funding plans. For billing purposes, this Integrated System has the capability of utilizing more than one rate table along with the required billing rate edits while the current system is limited to one rate table without any billing rate edits. The Integrated System will bring DMH into compliance with Federal requirements and avoid possible adverse Federal

actions at some future time. Additionally, in FY 2003-2004, the Board approved DMH's revised Published Charges on October 28, 2003 to permit DMH to include administrative overhead costs for all services that will be billed to non-Medi-Cal plans. For Medi-Cal plans, the methodology to calculate the Published Charges to bill Medi-Cal plans remains the same as originally approved by the Board on June 24, 2003. The rates for Medi-Cal plans do not include administrative overhead costs. Medi-Cal administrative costs are reimbursed through a specific mandated State reimbursement methodology.

Implementation of Strategic Plan Goals

The recommended Board actions are consistent with the County's fourth goal, "Fiscal Responsibility", within the Countywide Strategic Plan. This action will ensure that Published Charges are in compliance with Medi-Cal requirements thereby averting Federal LCC audit disallowances.

FISCAL IMPACT/FINANCING

The subject does not apply.

Compliance with the Federal LCC principle will avoid audit disallowances. DMH has not included any charges, which are set by either State or Federal agencies for which it has no jurisdictional rate setting authority. DMH will bill those charges as directed by those authorities.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Published Charges for FY 2004-2005 were developed using actual cost report data for FY 2002-2003. This cost report data was adjusted by the Federal Home Health Agency Market Basket Index. The charges are reflective of the present level of care.

Government Code Section 66018, added by stats. 1990, ch. 1572 (AB 3228), §20, requires the publication of notice and a public hearing to be held prior to the adoption of new fees or the increase of existing fees. Such a notice will be published at a minimum of 10 days prior to the public hearing.

CONTRACTING PROCESS

The subject does not apply since DMH's Published Charges apply only to DMH's directly operated clinics.

The Honorable Board of Supervisors
May 20, 2004
Page 3

IMPACT ON CURRENT SERVICES

The recommended Published Charges will become effective July 1, 2004. Failure to establish new annual Published Charges will result in reduced revenues from non-Medi-Cal and Medi-Cal plans.

CONCLUSION

The Department of Mental Health will need one (1) copy of the adopted Board action. It is requested that the Executive Officer notifies the Department of Mental Health's Contracts Development and Administration Division at (213) 738-4684, when this document is available.

Respectfully submitted,



Marvin J. Southard, D.S.W.
Director of Mental Health

MJS:GSK:AD:er

Attachment

c: Chief Administrative Officer
County Counsel
Auditor-Controller
Chairperson, Mental Health Commission

**COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH
FISCAL YEAR 2004-2005 PUBLISHED CHARGES
EFFECTIVE JULY 1, 2004**

SERVICE DESCRIPTION	MODE	SERVICE FUNCTION CODE	SERVICE UNIT	NON-MEDI-CAL 04/05 RATES	MEDI-CAL 04/05 RATES
Jail Inpatient	05	50 - 59	Client Day	\$251.90	N/A
Day Treatment Intensive: Full Day (more than 4 hours)	10	85 - 89	Full Day	184.80	\$160.04
Day Rehabilitation: Half Day (3-4 hours)	10	91 - 94	Half Day	76.75	66.47
Full Day (more than 4 hours)	10	95 - 99	Full Day	119.81	103.76
Case Management, Brokerage	15	01 - 09	Minute	1.78	1.54
Mental Health Services	15	10 - 59	Minute	2.29	1.98
Medication Support Services	15	60 - 69	Minute	4.40	3.81
Crisis Intervention	15	70 - 79	Minute	3.55	3.07
Mental Health Promotion	45	10 - 19	Staff Hour	185.22	N/A
Community Client Services	45	20 - 29	Staff Hour	170.96	N/A
Medi-Cal Administration Activities	55	01 - 39	Minute	N/A	1.53
Conservatorship, Investigation	60	20 - 29	Staff Hour	145.50	N/A
Administration	60	30 - 39	Staff Hour	145.50	N/A
Life Support/Board & Care	60	40 - 49	Day	25.80	N/A
Case Management Support	60	60 - 69	Staff Hour	92.51	N/A

MJS:BRD:MB